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SUBJECT: IRAQI TELECOMMUNICATIONS: AT THE FRONTLINE OF THE
BATTLE FOR IRAQ'S ECONOMIC IDEOLOGY

REF: A. 09 BAGHDAD 01565
¶B. 09 BAGHDAD 02097
¶C. 07 BAGHDAD 02820
¶D. 09 BAGHDAD 0156

¶1. (SBU) Summary: Recent developments in the Iraqi
Telecommunications sector reveal fault lines in Iraq's
attitudes toward independent regulation. The Ministry of
Communication (MOC) continues to actively oppose a private
sector-led, competitive telecommunications market and an
independent regulatory authority. The GOI's Communications
and Media Commission (CMC), however, is pressing for greater
authority and believes that the MOC role should be limited.
Newly re-staffed by PM Maliki, the CMC continues to voice
strong opposition to the MoC's direct participation in the
marketplace, specifically, plans for a state-owned company
for mobile services. Through the Strategic Framework
Agreement's (SFA) Information and Communications Working
Group, post has advocated a strong role for the CMC as an
independent regulator and opposed the MOC role as a market
competitor.   End Summary.

The Inequities of the Planned 4th Mobile License
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¶2. (U) Often discussed since the issuance of the original
three telecommunications licenses in 2007 (Ref C), the MoC
has again proposed a fourth mobile license that would be
controlled by a new state-owned company. The MoC would
partner with an international telecommunications provider for
the technical and marketing expertise and position itself as
a competitor with Iraq,s three existing, private mobile
providers. While the existing licenses were issued for the
use of global system for mobile communications (GSM)
technology, the MoC's new license and company would access
higher frequency bandwidth capable of greater data speed and
volume, commonly known as 3rd Generation or 3G. The MoC has
provided no indication that existing market participants
would be allowed to operate on the same 3G spectrum. (Note:
The GOI included $1.3 Billion from expected proceeds from the
future sale of the mobile license in its proposed budget
supplemental in August (Ref B). End Note)

PM Maliki Appoints New CMC Lead and Commissioners
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¶3. (SBU) Provisionally established by CPA Law 65 to manage
Iraq's frequency spectrum and to license and regulate the
telecommunications sector, the CMC exists now in a legal and
political grey zone (Ref D). Though not fully empowered or
funded by Iraqi law, it retains the authority of a still
valid CPA directive. In a welcome and somewhat surprising
move, PM Maliki recently appointed Dr. Burhan Shawi as the
CMC CEO, along with four additional CMC commissioners.
Maliki's decision to breathe life into the CMC implies that
the concept of an independent regulatory body has some level
of support in the PM's office. That said, it remains to be
seen to what extent the executive branch will empower and
support the CMC in its political turf war with the MoC. The
CMC still faces a number of challenges: lack of full legal
authority, a staff largely working under contract, and a

budget derived directly from the parliament and not channeled
through the MoC.
¶4. (SBU) Comment: Few issues cast in sharper relief the
differences in economic ideologies in Iraq than those in the
telecommunications sector. The Iraqi post-colonial,
command-economy legacy and mindset is widespread,
multi-generational, and spans all sects and minority groups.
Iraqis who understand and believe in a private sector-led,
market-oriented, free-trade future for Iraq are largely
Qmarket-oriented, free-trade future for Iraq are largely
outnumbered. Post will continue to support the CMC and voice
concerns about MoC plans for a fourth wireless license. End
Comment.
HILL